

Introduced by

Representative Bellew

(Approved by the Delayed Bills Committee)

1 A BILL for an Act to create and enact section 15.1-36-09 of the North Dakota Century Code,
2 relating to a common schools building and renovation grant fund; to amend and reenact section
3 15-03-04 and subsection 1 of section 57-15-16 of the North Dakota Century Code, relating to
4 legal investments and school district tax levies for building funds; to provide a continuing
5 appropriation; to provide for a report to the legislative management; and to provide an effective
6 date.

7 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

8 **SECTION 1. AMENDMENT.** Section 15-03-04 of the North Dakota Century Code is
9 amended and reenacted as follows:

10 **15-03-04. Legal investments.**

11 Subject to the provisions of section 15-03-05 and section 15.1-36-09, the board of university
12 and school lands shall apply the prudent investor rule in investing the permanent funds under its
13 control. The "prudent investor rule" means that in making investments the board shall exercise
14 the same judgment and care, under the circumstances then prevailing and limitations of North
15 Dakota and federal law, that an institutional investor of ordinary prudence, discretion, and
16 intelligence exercises in the management of large investments entrusted to it, not in regard to
17 speculation but in regard to the permanent disposition of funds, considering probable safety of
18 capital as well as probable investment returns. Notwithstanding any investments made before
19 July 1, 1997, the board may not use any funds entrusted to it to purchase, as sole owner,
20 commercial or residential real property in North Dakota without prior approval of the legislative
21 assembly or the budget section if the legislative assembly is not in session. Any request
22 considered by the budget section must comply with section 54-35-02.9. The board may also
23 lend securities held by the permanent funds, including the authority to pledge a security interest

1 in the securities in the possession of a custodian agent. These securities must be collateralized
2 as directed by the board.

3 **SECTION 2.** Section 15.1-36-09 of the North Dakota Century Code is created and enacted
4 as follows:

5 **15.1-36-09. Common schools building and maintenance fund - Board of university**
6 **and school lands - Continuing appropriation - Report to legislative management.**

- 7 1. The common schools building and maintenance fund is a special fund within the
8 investments of the common schools trust fund administered by the board of university
9 and school lands. The board shall transfer funds from the common schools trust fund
10 to the common schools building and maintenance fund as needed for the purposes in
11 this section. The fund consists of all moneys transferred into the fund, all real property
12 acquired or constructed with fund assets, and all interest or other earnings of the fund.
13 The board of university and school lands shall use the assets in the fund for the
14 acquisition, construction, and maintenance of all common school facilities in the state.
15 The board of university and school lands shall adopt policies and establish guidelines
16 to administer the fund in accordance with this section.
- 17 2. The board of university and school lands shall identify all outstanding school bonds
18 encumbering common schools in the state. Notwithstanding any other provision of law,
19 school districts shall transfer all real property of the school district to the board of
20 university and school lands. The board of university and school lands shall accept the
21 real property of all school districts and shall retire any outstanding related debt.
- 22 3. To be eligible for new building construction and renovation of existing school district
23 real property under this section, the board of a school district shall obtain the approval
24 of the superintendent of public instruction for the building project under section
25 15.1-36-01 and submit a completed application to the board of university and school
26 lands. The board of university and school lands, in consultation with the
27 superintendent of public instruction, shall review construction and renovation
28 applications and shall consider:
- 29 a. Student occupancy, student enrollment growth, and academic needs in the
30 district;
- 31 b. The age of structures to be replaced or remodeled;

- 1 c. Building design proposals based on safety and vulnerability assessments;
2 d. Cost; and
3 e. Any other criteria established by the board of university and school lands, in
4 consultation with the superintendent of public instruction, after consultation with
5 an interim committee appointed by the legislative management.
- 6 4. If the new building construction or renovation project is approved by the
7 superintendent of public instruction and the board of university and school lands, the
8 board of university and school lands shall provide funding for the construction or
9 renovation project and shall take ownership of the real property.
- 10 5. The board of university and school lands annually shall provide for the maintenance
11 of existing common school facilities, including the land on which the facilities are
12 constructed.
- 13 6. All moneys and assets in the common schools building and maintenance fund are
14 appropriated on a continuing basis to the board of university and school lands for the
15 purposes provided for in this section.
- 16 7. The fair market value of each common school facility must be assessed annually and
17 included in the assets of the common school building and maintenance fund. The
18 board of university and school lands shall report to the legislative management by
19 September thirtieth of each year regarding the common schools building and
20 maintenance fund, including information regarding projects completed with fund
21 assets, the value of real property held in the fund, and the change in value of total
22 fund assets.

23 **SECTION 3. AMENDMENT.** Subsection 1 of section 57-15-16 of the North Dakota Century
24 Code is amended and reenacted as follows:

- 25 1. The governing body of any school district ~~shall~~may levy taxes annually for a school
26 building fund, not in excess of twenty mills, which levy is in addition to and not
27 restricted by the levy limitations prescribed by law, when authorized to do so by sixty
28 percent of the qualified electors voting upon the question at a regular or special
29 election in any school district. The governing body of the school district may create the
30 building fund by appropriating and setting up in its budget for an amount not in excess
31 of twenty percent of the current annual appropriation for all other purposes combined,

1 exclusive of appropriations to pay interest and principal of the bonded debt, and not in
2 excess of the limitations prescribed by law. If a portion or all of the proceeds of the
3 levy have been allocated by contract to the payment of rentals upon contracts with the
4 state board of public school education as administrator of the state school construction
5 fund, the levy must be made annually by the governing body of the school district until
6 the full amount of all such obligations is fully paid. Any portion of a levy for a school
7 building fund which has not been allocated by contract with the state board of public
8 school education must be allocated by the governing body pursuant to section
9 57-15-17. Upon the completion of all payments to the state school construction fund,
10 or upon payment and cancellation or defeasance of the bonds, the levy may be
11 discontinued at the discretion of the governing body of the school district, or upon
12 petition of twenty percent of the qualified electors who voted in the last school election,
13 the question of discontinuance of the levy must be submitted to the qualified electors
14 of the school district at any regular or special election and, upon a favorable vote of
15 sixty percent of the qualified electors voting, the levy must be discontinued. Any school
16 district, executing a contract or lease with the state board of public school education or
17 issuing general obligation bonds, which contract or lease or bond issue requires the
18 maintenance of the levy provided in this section, shall immediately file a certified copy
19 of the contract, lease, or bond issue with the county auditor or auditors of the county or
20 counties in which the school district is located. The county auditor or auditors shall
21 register the contract, lease, or bond issue in the bond register in substantially the
22 manner provided in section 21-03-23. Upon the filing of the contract, lease, or bond
23 issue with the county auditor or auditors, the school district may not discontinue the
24 levy and the levy must automatically be included in the tax levy of the school district
25 from year to year by the county auditor or auditors until a sufficient sum of money has
26 been collected to pay to the state treasurer for the retirement of all obligations of the
27 school district with the state board of public school education or to pay to the
28 custodian of the bond sinking fund all amounts due or to become due on the bonds.

29 **SECTION 2. EFFECTIVE DATE.** This Act becomes effective upon its filing with the
30 secretary of state.